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Message Text

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PAGE 01 STATE 310580
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AMEMBASSY MUSCAT

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FOLLOWING REPEAT MOSCOW 18548 ACTION SECSTATE INFO ABU DHABI, ALGIERS, BAGHDAD, CARACAS, CAIRO, JIDDA, LONDON, JIDDA, LONDON, PARIS, TEHRAN, TEL AVIV AND TRIPOLI DEC 27.

QUOTE: LIMITED OFFICIAL USE MOSCOW 18548

E.O. 11652: N/A
TAGS: UR, XF, OPEC, ENRG, UR
SUBJECT: SOVIET PRESS DECRIES OPEC PRICE FREEZE

SUMMARY: SOVIET PRESS HAS COMMENTED EXTENSIVELY ON OPEC MEETING AT CARACAS AND ON DECISION TO FREEZE PRICES. SUBSTANCE OF COMMENTARY HAS BEEN THAT U.S. PRESSURE ON COMPLIANT ARAB CONSERVATIVES, WHICH WAS INTENDED TO SPLIT OPEC, SUCCESSFULLY BLOCKED A FULLY JUSTIFIED PRICE RISE. END SUMMARY.

1. IZVESTIYA OF DECEMBER 21 CARRIED AN ARTICLE, DATELINED KUWAIT, BY IZVESTIYA CORRESPONDENT KASSIS AND TASS WRITER
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ZHADYAEV, WHICH MOVED FROM INNUENDOS AND NON SEQUITURS TO FULL ENCOURAGEMENT FOR THE OPEC RADICALS. NOTING THAT THE OPEC MEETING AT CARACAS CAME AT A TIME WHEN THE MIDDLE EASTERN SITUATION IS COMPLICATED BY "SEPA-RATE REGOTIATIONS" BETWEEN ISRAEL AND EGYPT AND CITING THE "THREAT BY THE USA OF THE POSSIBILITY OF ARMED INTERVENTION...AND ALSO OF POLITICAL

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PRESSURE," THE ARTICLE ATTEMPTED TO ASCRIBE DIFFERENCES
WITHIN OPEC ON OIL PRICING TO IMPERIALIST MACHINATIONS
AND TO CONSERVATIVE ARAB COMPLICITY IN THESE
MACHINATIONS.

2. THE AUTHORIS PRESENTED THE CASE FOR INCREASED OIL
PRICES ON THE BASIS OF NEEC, WESTERN INFLATION, AND
THE DECLINE OF THE DOLLAR. AT THE SAME TIME THE
ARTICLE ACKNOWLEDGED AN INTERDEPENDENCE BWTWEEN OIL
PRODUCERS AND CONSUMERS WHICH, IT CLAIMED, HAS ENABLED
THE U.S. TO FIND SURROGATES WITHIN OPEC -- IN THE FIRST
INSTANCE SAUDI ARABIA. THUS, ALTHOUGH SAUDI ARABIA
PUBLICLY OPPOSES ISRAEL, ITS INVESTMENTS IN THE U.S.
FLOW TO THE PENTAGON, THEN TO ISRAEL. IN THIS WAY
THE U.S. IS CREATING "AN ALLIANCE OF ISRAELI EXTREMISM
WITH ARAB REACTION."

3. SUBSEQUENT TO THE OPEC PRICE DECISION BOTH
IZVESTIYA (DECEMBER 23, BY V. KONDRASHOV) AND PRAVDA
(DECEMBER 25, BY GEORGII SKOROV) HAVE CARRIED COMMEN-
TARIES DECRYING THE PRICE FREEZE AND ATTRIBUTING IT
TO OPEN U.S. PRESSURE WHICH WAS INTENDED TO SPLIT OPEC
RANKS. CALLING OPEC "AN IMPORTANT FACTOR IN THE
STRUGGLE AGAINST MONOPOLIES, AGAINST IMPERIALISM,"
KONDRASHOV REPEATED THE JUSTIFICATION FOR A PRICE
RISE ON THE BASIS OF NEED. SKOROV PAINTED MUCH THE
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SAME PICTURE AS KONDRASHOV OF CONSERVATIVE
ARABS SERVING U.S. INTERESTS AND CONCLUDED BY
STATING THAT THE PROBLEM OF ESTABLISHING A FAIR
PRICE FOR OIL REMAINS "UNRESOLVED."

4. COMMENT: IN THIS CASE A PRICE RISE WOULD HAVE
SERVED BOTH MOSCOW'S INTEREST IN ADDING HUNDREDS OF
MILLIONS OF DOLLARS TO ITS HARD CURRENCY EARNINGS AND
SOVIET POLITICAL INTERESTS IN SEEING THE POSITION OF
THE ARAB RADICALS STRENGTHENED. NEVERTHELESS, WE
FIND IT SURPRISING THAT THE SOVIET PRESS, AND PARTIC-
ULARLY IZVESTIYA OF DECEMBER 21, ATTACKED THE
CONSERVATIVE ARABS BY OPENLY LINKING THEM WITH ISRAEL AT A
TIME WHEN THE CONSERVATIVES HAVE BEEN RESTRAINED AT
BEST IN THEIR SUPPORT OF SADAT AND WHEN SOVIET
DIPLOMACY MAY STILL HOPE THAT THEY CAN BE KEPT
FROM SUPPORTING EGYPT OPENLY. TOON
UNQUOTE CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Sent Date: 30-Dec-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
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